

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE  
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FLOOR DEBATE

March 23, 2004      LB 983, 1005A

SENATOR CUDABACK: Heard the motion to advance LB 1005A to E & R for engrossing. All in favor of the motion say aye. All opposed to the motion say nay. It, too, is advanced. You ready, Mr. Clerk?

CLERK: I am, Mr. President, thank you. Mr. President, General File, LB 983. (Read title.) The bill was introduced on January 9, at that time referred to the Revenue Committee. The bill was advanced to General File. I do have an amendment to the bill, Mr. President.

SENATOR CUDABACK: Thank you, Mr. Clerk. Senator Connealy, Vice Chairman of the Revenue Committee, you're recognized to open on LB 983.

SENATOR CONNEALY: Thank you, Mr. President and members. LB 983 is a proposal from the Motor Fuels Division of the Department of Revenue for enhancing the administration of motor vehicle fuels tax. The most important and significant change in this proposal is the merging of the separate statutes for taxation of gasoline and diesel fuel into a single motor fuels tax statute. There are a number of other changes, including the change in the point of taxation for ethanol and changing the refund for gasoline used to denature ethanol for tax exemption. Under LB 983, ethanol would be taxed when produced instead of when it's blended with gasoline. The income tax credit for nonhighway gasoline usage would be converted into a direct refund for motor fuels tax. A separate 1.25 percent tax would be levied for the support of the Ethanol Board, instead of being withheld from the refund. This is the same amount of money and from using...as is done now from using gasoline for off-road purposes, but it would be just collected in a different way. Enforcement of the trip permits that are permitted under International Fuel Tax Agreement, the IFTA agreements would be transferred from the Department of Revenue to the Department of Motor Vehicles under the bill. Finally, LB 983 would repeal outright Section 66-4,142 that calls for adjusting fuel tax rates to compensate the Highway Trust Fund for any unreimbursed ethanol production incentives. The Revenue Department has conveyed to us that they think that this language is obsolete and superseded by 66-1345 that prohibits the use of motor fuel taxes for